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**Trans
Canada
Glass Ltd.**

**Annual Report
1975**



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Report of the Directors:

Our 30th year of operations was one of continued progress for the Company in spite of an unsettled economy and rampant inflation.

Financial results for 1975 show an encouraging increase over 1974 setting a new record in earnings for the Company. Sales for 1975 were \$27,540,097, an increase of \$3,195,528 or 13.1% over 1974. Net income before capital gain was \$2,032,949, up \$773,969 from the previous year.

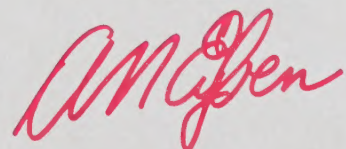
The Directors are committing a major portion of our capital funds to diversify into the manufacturing of sealed glass units and the opening of several new retail locations. Land has been purchased in Calgary and plans are now under way for our first sealed glass unit plant.

Directors and employees were saddened by the death of Walter Allan, President of Allan's Auto Glass Ltd. in Manitoba. The friendship and support of Wally will be greatly missed. Since the death of Mr. Allan, Trans Canada Glass Ltd. has purchased the balance of shares of Allan's Glass Products Ltd. and Allan's Auto Glass Ltd.

The anti-inflation programme introduced by the Federal Government in late 1975 has affected our immediate future and we look to 1976 with cautious optimism.

The Company's achievements in the past year are attributable to the dedicated efforts of our staff of over 500 employees. To our dealers, distributors, and staff we extend our sincere appreciation for their confidence and support.

President.

A handwritten signature in red ink, appearing to read "Allan Ben", is written below the word "President.".

Directors

Arthur Skidmore, West Vancouver, B.C.
Herbert Skidmore, Vancouver, B.C.
Neil Eyben, Surrey, B.C.
Allan W. Page, West Vancouver, B.C.
Donald F. McClure, New Westminster, B.C.
Robert R. Dodd, West Vancouver, B.C.

Officers

Arthur Skidmore, Chairman of the Board
Neil Eyben, President
Herbert Skidmore, Executive Vice-President and Secretary
Donald F. McClure, Vice-President

Auditors

Touche Ross & Co., New Westminster, B.C.

Transfer Agent

National Trust Company Limited

Head Office

823 Carnarvon Street, New Westminster, B.C.

Stock Listing

Toronto Stock Exchange
Vancouver Stock Exchange

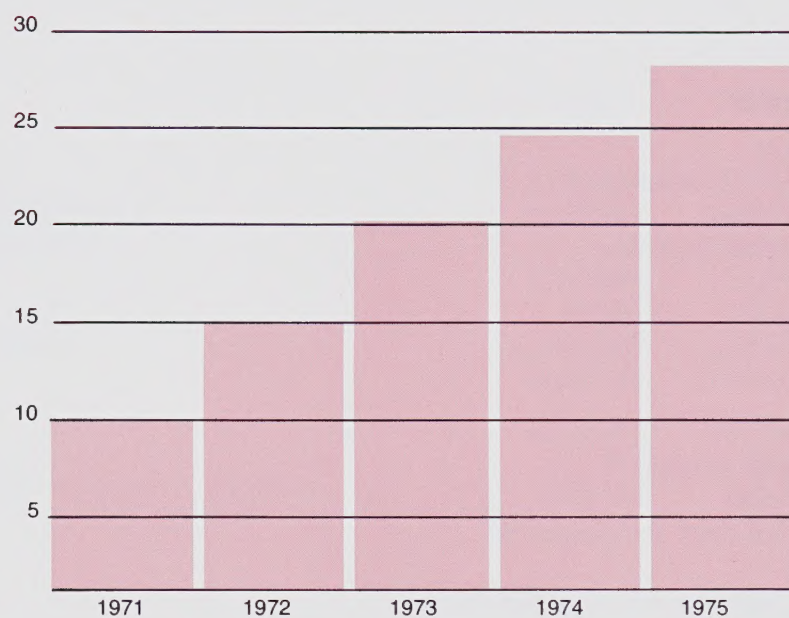
Annual Meeting

Monday, June 28, 1976 at 10:00 a.m.
Coronet Room, Royal Towers Hotel
New Westminster, B.C.

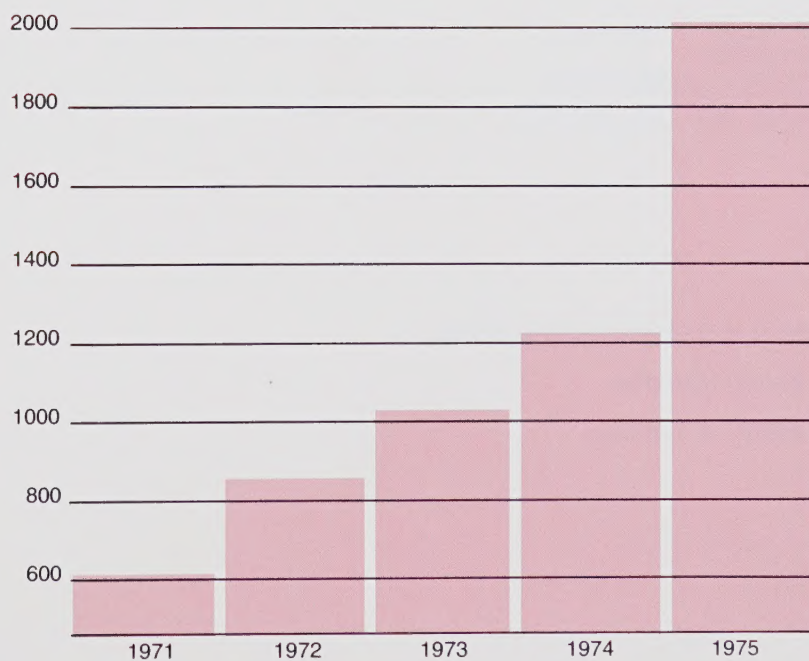
Ten Year Financial Review Trans Canada Glass Ltd. and subsidiary companies

	<i>Thousand Dollars</i>									
	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966
Sales	<u>27,540</u>	<u>24,345</u>	<u>20,305</u>	<u>15,236</u>	<u>10,147</u>	<u>7,939</u>	<u>7,707</u>	<u>5,612</u>	<u>4,540</u>	<u>3,816</u>
Expenses	<u>22,634</u>	<u>20,930</u>	<u>17,268</u>	<u>13,333</u>	<u>8,638</u>	<u>6,915</u>	<u>6,706</u>	<u>5,002</u>	<u>4,160</u>	<u>3,446</u>
Depreciation	<u>426</u>	<u>345</u>	<u>256</u>	<u>141</u>	<u>94</u>	<u>69</u>	<u>50</u>	<u>50</u>	<u>44</u>	<u>33</u>
Interest	<u>312</u>	<u>21</u>	<u>23</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>13</u>	<u>11</u>	<u>8</u>
	<u>23,372</u>	<u>21,296</u>	<u>17,547</u>	<u>13,482</u>	<u>8,741</u>	<u>6,994</u>	<u>6,767</u>	<u>5,065</u>	<u>4,215</u>	<u>3,487</u>
Income	<u>4,168</u>	<u>3,049</u>	<u>2,758</u>	<u>1,754</u>	<u>1,406</u>	<u>945</u>	<u>940</u>	<u>547</u>	<u>325</u>	<u>329</u>
Interest	<u>2,135</u>	<u>1,790</u>	<u>1,666</u>	<u>868</u>	<u>727</u>	<u>474</u>	<u>436</u>	<u>186</u>	<u>95</u>	<u>96</u>
Net Income	<u>2,033</u>	<u>1,259</u>	<u>1,092</u>	<u>886</u>	<u>679</u>	<u>471</u>	<u>504</u>	<u>361</u>	<u>230</u>	<u>233</u>
Net Income per share	\$1.68	\$1.04	91¢	74¢	57¢	40¢	42¢	30¢	19¢	20¢

Net Sales (millions of dollars)



Net Income (thousands of dollars)



Trans Canada Glass Ltd. and subsidiary companies

Consolidated Balance Sheet as at December 31, 1975

Assets	1975	1974
Cash	\$ 323,787	\$ 469,168
Accounts receivable	5,110,178	3,574,833
Inventory	5,252,003	4,621,805
Prepaid Expenses	37,063	49,029
	<u>10,723,031</u>	<u>8,714,835</u>
 Fixed, at cost:		
Land	954,286	938,852
Buildings and equipment	4,250,114	3,738,795
	<u>5,204,400</u>	<u>4,677,647</u>
Less: Accumulated depreciation	1,639,454	1,326,158
	<u>3,564,946</u>	<u>3,351,489</u>
 Intangibles:		
Cost of shares	4,344,495	4,320,696
	<u>\$18,632,472</u>	<u>\$16,387,020</u>

Approved on Behalf of the Board:

N. Eyben, Director

D. McClure, Director

Liabilities	1975	1974
Current:		
Bank indebtedness — secured	\$ 1,514,431	\$ —
Accounts payable and accrued charges	5,429,628	5,201,780
Share purchase agreement payable	—	1,750,000
Income taxes payable	1,213,556	115,041
Dividend Payable	90,623	90,623
Current portion of long term debt	<u>665,529</u>	<u>364,792</u>
	8,913,767	7,522,236
Long term debt	2,232,864	2,878,287
Deferred income taxes	17,454	43,216
Interest of minority shareholders in subsidiary companies	309,134	485,280

Shareholders' Equity

Share capital:		
Authorized		
3,000,000 Common shares without nominal or par value		
Issued		
1,208,300 shares	2,553,184	2,553,184
Retained earnings	<u>4,606,069</u>	<u>2,904,817</u>
	<u>\$18,632,472</u>	<u>\$16,387,020</u>

Trans Canada Glass Ltd. and subsidiary companies

Consolidated Statement of Income for the year ended December 31, 1975

	1975	1974
Sales	✓ \$27,540,097 ✓	\$24,344,569
Cost of Sales	16,984,867	15,956,925
Operating and administration expenses	5,649,150	4,972,728
Depreciation and amortization	425,528	345,490
Interest — long term	312,134	20,309
	<u>23,371,679</u>	<u>21,295,874</u>
Income before income taxes, minority interest, and extraordinary item	4,168,418	3,048,695
Income taxes:		
Current	2,053,818	1,539,520
Deferred	(25,762)	15,812
	<u>2,028,056</u>	<u>1,555,332</u>
Income before minority interest and extraordinary item	2,140,362	1,493,363
Interest of minority shareholders in income of subsidiaries	107,413	234,383
Income before extraordinary items	✓ 2,032,949 ✓	✓ 1,258,980 ✓
Gain on sale of property	30,793	19,852
Net income	<u>\$ 2,063,742</u>	<u>\$ 1,278,832</u>
Net income per common share		
Before extraordinary gain	✓ \$1.68	✓ \$1.04
After extraordinary gain	<u>1.71</u>	<u>1.06</u> ✓

Consolidated Statement of Retained Earnings For the year ended December 31, 1975

	1975	1974
Retained earnings beginning of year	\$ 2,904,817	\$ 1,988,476
Add: Net income	2,063,742	1,278,832
	4,968,559	3,267,308
Less: Dividends paid	362,490	362,491
Retained earnings end of year	<u>\$ 4,606,069</u>	<u>\$ 2,904,817</u>

Trans Canada Glass Ltd. and subsidiary companies

Consolidated Statement of Changes in Financial Position

For the year ended December 31, 1975

Source of Funds:	1975	1974
Net income	\$2,063,742	\$1,278,832
Add: Charges not requiring an outlay of funds:		
Depreciation and amortization	425,528	345,490
Deferred income taxes	(25,762)	15,812
Gain on sale of property	(30,793)	(19,852)
Minority interest share of net income	107,413	234,383
Net funds from operations	\$2,540,128	\$1,854,665
Proceeds from sale of fixed assets	113,546	185,449
Proceeds from long term debt	15,000	3,000,000
	<u>\$2,668,674</u>	<u>\$5,040,114</u>
Application of Funds:		
Additions to fixed assets	712,612	1,060,704
Purchase of goodwill in subsidiary companies		
in excess of working capital	32,925	227,015
Repayment of long term debt	660,423	347,631
Share purchase agreement currently payable	—	1,750,000
Payment to minority interests	283,559	455,356
Dividends paid on common shares	362,490	362,491
	<u>\$2,052,009</u>	<u>\$4,203,197</u>
Increase in working capital	616,665	836,917
Working capital, beginning of year	1,192,599	355,682
Working capital, end of year	<u>\$1,809,264</u>	<u>\$1,192,599</u>

Auditors' Report

The Members
Trans Canada Glass Ltd.

We have examined the consolidated balance sheet of Trans Canada Glass Ltd. and its subsidiaries as at December 31, 1975 and the consolidated statements of income, retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. With respect to those subsidiaries of which we are not the Auditors, we have carried out such inquiries and examination as we considered necessary in order to accept for purposes of consolidation the reports of the other Auditors.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations and the changes in their financial position for the year ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

In our opinion, adequate provision has been made for the minority interest in these consolidated statements.

New Westminster, B.C.
June 3, 1976

Touche Ross & Co.
Chartered Accountants

Trans Canada Glass Ltd. and subsidiary companies

Notes to the Consolidated Financial Statements

as at December 31, 1975

Note 1 Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the company and its wholly-owned subsidiaries together with the accounts of Allan's Auto Glass Ltd., Allan's Glass Products Ltd. and Hub City Glass Ltd. all 50% owned. The consolidated statement of income includes the operations of the 1974 acquisitions since the effective date of the related agreements. All material intercompany accounts and transactions have been eliminated.

(b) Net Income per Common Share

Net income per common share has been calculated using the weighted monthly average number of shares outstanding during each year.

(c) Inventory

Inventory is valued at the lower of cost and net realizable value.

(d) Depreciation

Depreciation on the majority of buildings and equipment is computed on the declining balance method at the following rates:

Buildings 5% and 10%
Equipment 20% and 30%

(e) Cost of Shares in Subsidiaries in excess of net book value consists of:

- (i) Goodwill purchased prior to April 1, 1974 which is amortized only when management believes that there has been a diminution of value.
- (ii) Goodwill purchased after March 31, 1974 which is being amortized to expense on a straight line basis, over a period not exceeding forty years. The charge to income in 1975 is not material.

Note 2 Acquisition of Subsidiaries

In January 1975, the Company purchased for \$1,750,000 the remaining shares of Speedy Auto Glass Limited.

Note 3 Long Term Debt

Consists of:

Current Long Term

- (a) Bank financing, repayable at \$50,000 per month

bearing interest at $\frac{3}{4}$ of 1% in excess of the prime

rate. The loan is secured principally by a debenture on the assets, except inventories, of the company

and its subsidiaries \$600,000 \$2,100,000

(b) Other mortgages, agreement for sale and notes payable bearing interest rates from

$6\frac{1}{2}\%$ to $10\frac{1}{2}\%$ 65,529 132,864
\$665,529 \$2,232,864

Note 4 Remuneration

Remuneration paid to directors and senior officers during 1975 aggregated \$214,757 (1974 — \$190,729).

Note 5 Anti-Inflation Program

The Company and subsidiaries are subject to controls on prices, profits, compensation and dividends, instituted by the federal government in the Anti-Inflation Act, effective October 14, 1975. The Company has used its best efforts to comply with the guidelines for these controls since their announcement. There remain a number of general uncertainties concerning implementation of the program so that the impact on the Company's future operations cannot be accurately determined at this time.

Trans Canada Glass Ltd.

Head Office: 823 Carnarvon Street, New Westminster, B.C.



British Columbia

Wholesale:

New Westminster / A & H Sales Ltd.

Retail:

Vancouver / B & A Auto Glass Ltd. / Broadway Auto-Glass Ltd. / Model Glass Ltd.
New Westminster / Surrey / Port Moody / Maple Ridge / Langley / Central Auto & Window Glass Ltd.
Kelowna / Interior Glass
Chilliwack / Chilliwack Crystal Glass Ltd.
Clearbrook / Valley Glass Shop Ltd.
Prince George / B & A Auto Glass Ltd.
Victoria / Pacific Auto Glass Ltd.

Contract Glazing:

Port Moody / Central Glass Products Ltd.
Prince George / Central Glass Products (PG) Ltd.
Victoria / Pacific Glass Ltd.

Alberta

Wholesale:

Edmonton / A & H Sales Ltd.
Calgary / A & H Sales Ltd.

Retail:

Edmonton / Bahry's Glass Ltd. / Central Glass Ltd. / Livingstone Glass Co. Ltd.
Calgary / Active Auto & Window Glass Ltd. / Crystal Glass Calgary Ltd.
Lethbridge / Lethbridge Glass Ltd.

Contract Glazing:

Calgary / Crystal Installations Ltd.

Saskatchewan

Retail:

Regina / Saskatoon / Hub City Glass Ltd.

Manitoba

Wholesale:

Winnipeg / A & H Sales Ltd.

Retail:

Winnipeg / Allan's Auto Glass Ltd.

Contract Glazing:

Winnipeg / Allan's Glass Products Ltd.

Ontario

Wholesale:

Toronto / A & H Sales Eastern Ltd. / Faucher & Fils Ltee.

Retail:

Speedy Auto Glass Limited / Toronto / Barrie / Bellville / Brampton / Brantford / Brockville / Burlington / Cambridge / Galt / Don Mills / Hamilton / Kingston / London / Niagara Falls / North York / Oakville / Oshawa / Ottawa / Port Credit / Peterborough / Rexdale / Scarborough / St. Thomas / Thornhill / Welland / Whitby / Windsor / Woodstock. Thunder Bay / Allan's Auto Glass Ltd.

Quebec

Wholesale:

Montreal / A & H Quebec Ltd. / Faucher & Fils Ltee.

Retail:

Montreal / St. Jerome / Speedy Auto Glass Limited.
Quebec City / Levis / Riviere du Loup
Duro Vitre (1966) Ltee.

New Brunswick

Retail:

Saint John / Moncton / Fredericton / Newcastle
Grand Falls / Campbellton / Provincial Glass & Trim Ltd.

Nova Scotia

Retail:

Halifax / Truro / Bridgewater / Sydney / Dartmouth / North Sydney / Amherst / Yarmouth / New Minas / New Glasgow / Antigonish / Ocean Glass Ltd.



